



Legislation Text

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Acknowledging and recognizing March 29, 2016 as the 41st Anniversary of the enactment of the Earned Income Tax Credit and urging the Pennsylvania General Assembly to join the 26 states plus the District of Columbia by enacting a state version of the Earned Income Tax Credit to help working families earning low wages meet basic needs.

WHEREAS, The Earned Income Tax Credit ("EITC"), which was first proposed in the early 1970s, was signed into law by President Ford on March 29, 1975 as a temporary program to return a portion of the Social Security tax paid by lower-income taxpayers; and

WHEREAS, The EITC was later made permanent in 1978 and was substantially expanded by President Reagan who deemed it the best anti-poverty, best pro-family and best job creation measure to come out of Congress; and

WHEREAS, Unlike most tax credits for individuals, the EITC is refundable, thus, if the earned income credit exceeds the taxpayer's tax liability, the Internal Revenue Service ("IRS") will refund the difference; and

WHEREAS, Although the EITC has seen various expansions and attacks over the years, it has ultimately grown into the largest need-tested federal anti-poverty cash program with 27.5 million filers for the 2014 tax year receiving \$66.7 billion in EITC during 2015; and

WHEREAS, recent ground-breaking research conducted in 2013 by the National Bureau of Economic Research has found that the EITC's impact in reducing poverty is even greater than previously recognized and the income from these tax credits leads to benefits at virtually every stage of life; and

WHEREAS, This research suggests that income from the EITC leads to improved educational outcomes for young children in low-income households, specifically, for each \$1,000 increase in annual income over two to five years, children's school performance improves in a variety of ways including academic test scores; and

WHEREAS, According to this research, a credit that's worth about \$3,000 during a child's early years may boost his or her academic achievement by the equivalent of about two extra months of schooling; and

WHEREAS, In addition, this research found that the EITC lifted 6.2 million people, including 3.2 million children, out of poverty overall in 2013; and

WHEREAS, Twenty-six states plus the District of Columbia have enacted their own version of the EITC, which extends the federal EITC's well-documented long-term positive effects on families and especially children, boosting the nation's future economic prospects; and

WHEREAS, State EITCs provide extensive benefits to families, children and communities and can make a big difference in the lives of low-and moderate-income working families; and

WHEREAS, State EITCs are easy to administer and to claim given that states incur virtually no costs for determining eligibility since in most cases, families that are eligible for the federal EITC are also eligible for the state credit; and

WHEREAS, State EITCs also offer a good value to states given the fact that existing refundable EITCs in states with income taxes costs less than 2 percent of state tax revenues each year; and

WHEREAS, Pennsylvania does not have its own EITC and should consider enacting one because by investing in an EITC, Pennsylvania can make a big difference in the lives of low-and moderate-income working families who need and deserve it; now, therefore, be it

RESOLVED, THAT THE COUNCIL OF THE CITY OF PHILADELPHIA, Hereby acknowledges and recognizes March 29, 2016 as the 41st Anniversary of the enactment of the Earned Income Tax Credit (“EITC”); and urges the Pennsylvania General Assembly to join the 26 states plus the District of Columbia by enacting a state version of the EITC to help working families earning low wages meet basic needs.